Postal Regulatory Commission Submitted 7/27/2018 8:55:42 AM Filing ID: 105974 Accepted 7/27/2018

BEFORE THE POSTAL REGULATORY COMMISSION WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES
GLOBAL EXPEDITED PACKAGE SERVICES 7
(MC2016-196 AND CP2016-280)
NEGOTIATED SERVICE AGREEMENTS

Docket No. CP2018-25

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO CHAIRMAN'S INFORMATION REQUEST NO. 1

(July 27, 2018)

The United States Postal Service hereby provides its response to Chairman's Information Request No. 1, issued on July 26, 2018. The question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE By its attorneys:

Anthony F. Alverno Chief Counsel Global Business and Service Development Corporate and Postal Business Law Section

Christopher C. Meyerson Carl Wolter Attorneys

475 L'Enfant Plaza, S.W. Washington, D.C. 20260-1137 (202) 268-6036; Fax -6279 carl.a.wolter@usps.gov July 27, 2018

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO CHAIRMAN'S INFORMATION REQUEST NO. 1

1. To clarify the Postal Service's request to modify a GEPS 7 contract, filed July 16, 2018,¹ the Postal Service is requested to provide a written response to the following question. The response is due no later than July 30, 2018. The Postal Service filed under seal the Modification and the certified statement required by 39 C.F.R. § 3015.5(c). Please publically file redacted copies of both documents as required by 39 C.F.R. § 3007.10(b).²

RESPONSE:

Attached are redacted copies of the Modification and the certified statement.

¹ Notice of the United States Postal Service of Filing Modification One to a Global Expedited Package Services 7 Negotiated Service Agreement, July 16, 2018 (Notice). The modification is an attachment to the Notice (Modification).

² The Postal Service states that redacted copies of both documents are included in its public filing as Attachments 1 and 2. Notice at 1. However, the Notice does not contain any attachments. See Notice.

MODIFICATION ONE TO THE GLOBAL CUSTOMIZED MAIL AGREEMENT BETWEEN THE UNITED STATES POSTAL SERVICE AND

This Modification ame	ends the Global	Customized Mail	Agreement ("Agreement")	between	
("Mailer"), with offices a	at		and th	ne United State	es Postal Se	ervice ("USPS"),
an independent estab	lishment of the	Executive Branch	of the United	States Gover	nment, with	offices at 475
L'Enfant Plaza SW, Wa	ashington, DC 20	260-9998, signed	by the Mailer of	on September :	29, 2017, a	nd by the USPS
on October 8, 2017.	The Mailer and t	ne USPS may be	referred to indi	ividually as a "	Party" and	together as the
"Parties."				,	,	

The purpose of this Modification is to make the following two changes to the Agreement.

First, Article 2 of the Agreement is revised to state the following.

2. Payment Method. (1) The Mailer shall pay postage to the USPS for Qualifying Mail in accordance with Annex 1A and Annex 2A to this Agreement through the use of a permit imprint using USPS-provided Global Shipping Software (GSS) subject to the conditions stated in IMM 152.6 and DMM 604.5. (2) The Mailer may pay postage to the USPS for Qualifying Mail in accordance with Annex 1B, Annex 1D, and Annex 2B to this Agreement through the use of a permit imprint using USPS-provided Global Shipping Software (GSS) subject to the conditions stated in IMM 152.6 and DMM 604.5 or through the intermediary of a USPS-approved PC Postage Provider that the USPS has authorized to offer services to contract rate customers. The Mailer retains the right to change the PC Postage Provider, provided that the new PC Postage Provider has been authorized by the USPS to offer services to contract rate customers. Initially, the Mailer chooses as its USPS-approved PC Postage Provider.

Second, Annex 1 of the Agreement is replaced by the revised Annex 1 attached to this Modification.

All other terms and conditions of the Agreement shall remain in force.

The Parties acknowledge and understand that all obligations of the USPS under this Modification shall be contingent on the USPS receiving approvals (hereinafter "Conditions Precedent") from one or more internal and external bodies that have oversight responsibilities. Conditions Precedent may include, but are not limited to: approvals or, if applicable, non-objection, from responsible USPS management officials, the USPS Board of Governors, the USPS Governors, the Postal Regulatory Commission, and/or any other governmental body with oversight responsibility for the USPS. The Parties acknowledge that this Modification may not be approved by such individuals or bodies. Until such time that all Conditions Precedent are fulfilled that are necessary to allow the USPS to provide the products or services contemplated under the Agreement, no obligation shall exist for the USPS and no benefit shall inure to either Party. In the event that the Conditions Precedent are not fulfilled, the USPS shall have no liability, which shall include no obligation to pay costs associated with any action taken by the Mailer prior to the Effective Date of this Modification. Further, in the event of termination of the Agreement or the failure of any Condition Precedent, the USPS shall not be held liable for any damages including, without limitation, actual, special, indirect, incidental, punitive, consequential, or any other damages, which shall include but not be limited to damages for loss of business profits; business interruption; any other loss; and/or any costs incurred by either Party attributable to such non-approval such as attorney's fees.

The Mailer acknowledges that this Modification and supporting documentation will be filed with the Postal Regulatory Commission ("Commission") in a docketed proceeding (CP2018-25). The Mailer authorizes the USPS to determine the scope of information that must be made publicly available in any Commission docketed proceeding in which information related to this Modification must be filed. The Mailer further understands that any unredacted portion of the Modification or supporting information will be available on the Commission's public website, http://www.prc.gov. In addition, the USPS may be required to file information in connection with this Modification (including revenue, cost or volume data) in other Commission dockets, including the Commission docket number for the Annual Compliance Report (ACR) for the USPS fiscal year(s) in which this Agreement is in effect. Each ACR docket has a distinct docket number, such as ACR201#, in which "201#" signifies the USPS fiscal year to which the ACR pertains. The Mailer has the right, in accordance with the Commission's rules, to

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address its confidentiality concerns directly with the Commission. The procedure for making an application to the Commission for non-public treatment of materials believed to be protected from disclosure is found in part 3007 of the regulations concerning the Commission in Title 39 of the Code of Federal Regulations.

The Parties may execute this Modification in one or more counterparts (including by facsimile or by electronic means such as .pdf format). Not all Parties need be signatories to the same document. All counterpart signed documents shall be deemed an original and one instrument.

In witness whereof, this Modification is deemed executed on the latter of the two dates accompanying the Parties' signatures.

ON BEHALF OF THE UNITED STATES	POSTAL SERVICE:
Signature:	Janach W. Lass
Name:	Donald W. Ross
Title:	Director, Intl. Sales
Date	6/12/2018
ON BEHALF OF	
Signature:	
Name:	
Title:	
Date:	06/0x/2018

REVISED ANNEX 1 PRICES FOR PRIORITY MAIL EXPRESS INTERNATIONAL AND PRIORITY MAIL INTERNATIONAL

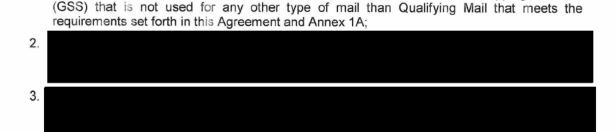
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ANNEX 1A PRICES IN UNITED STATES DOLLARS FOR PRIORITY MAIL EXPRESS INTERNATIONAL AND PRIORITY MAIL INTERNATIONAL PRESORTED AND TENDERED AT A USPS INTERNATIONAL SERVICE CENTER (ISC)

The postage prices for Priority Mail Express International (PMEI) Qualifying Mail and Priority Mail International (PMI) Qualifying Mail set forth in this Annex 1A are only available for PMEI Qualifying Mail and PMI Qualifying Mail that is presorted and that is:

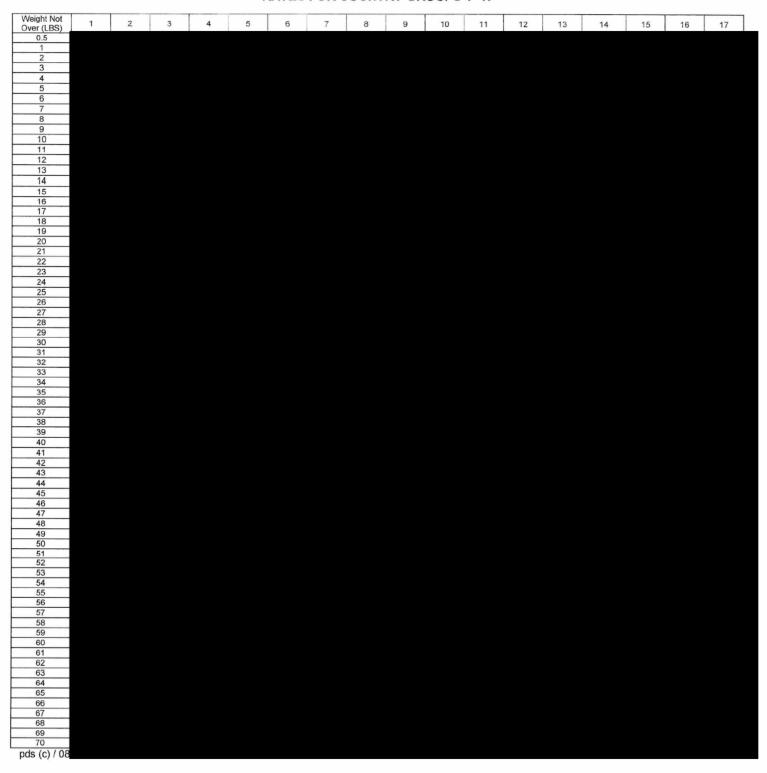


1. paid for through a separate permit imprint using USPS-provided Global Shipping Software

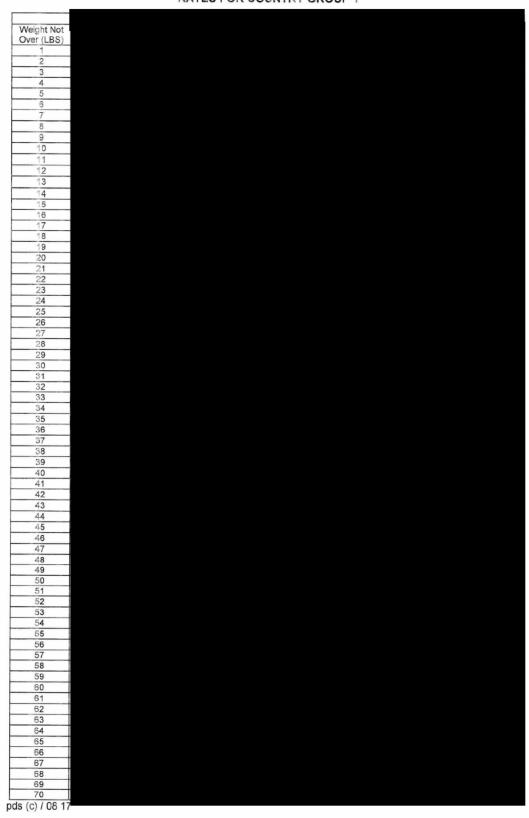
- 4. tendered to the USPS at any of the following USPS International Service Center locations:
 - JOHN F KENNEDY AIRPORT MAIL CENTER
 US POSTAL SERVICE
 JOHN F KENNEDY INTERNATIONAL AIRPORT BLDG 250
 JAMAICA NY 11430-9998
 - JT WEEKER INTERNATIONAL SERVICE CENTER US POSTAL SERVICE 11600 WEST IRVING PARK ROAD CHICAGO IL 60666-9998
 - LOS ANGELES INTERNATIONAL SERVICE CENTER
 US POSTAL SERVICE
 5800 WEST CENTURY BLVD
 LOS ANGELES CA 90009-9998
 - •SAN FRANCISCO INTERNATIONAL SERVICE CENTER US POSTAL SERVICE 660 WEST FIELD ROAD SAN FRANCISCO CA 94128-3161
 - •MIAMI INTERNATIONAL SERVICE CENTER US POSTAL SERVICE 11698 NW 25TH ST MIAMI FL 33112-9997



ANNEX 1A – PRICE CHART 1 PRICES IN UNITED STATES DOLLARS FOR PRIORITY MAIL EXPRESS INTERNATIONAL PRESORTED AND TENDERED AT A USPS INTERNATIONAL SERVICE CENTER (ISC) RATES FOR COUNTRY GROUPS 1–17

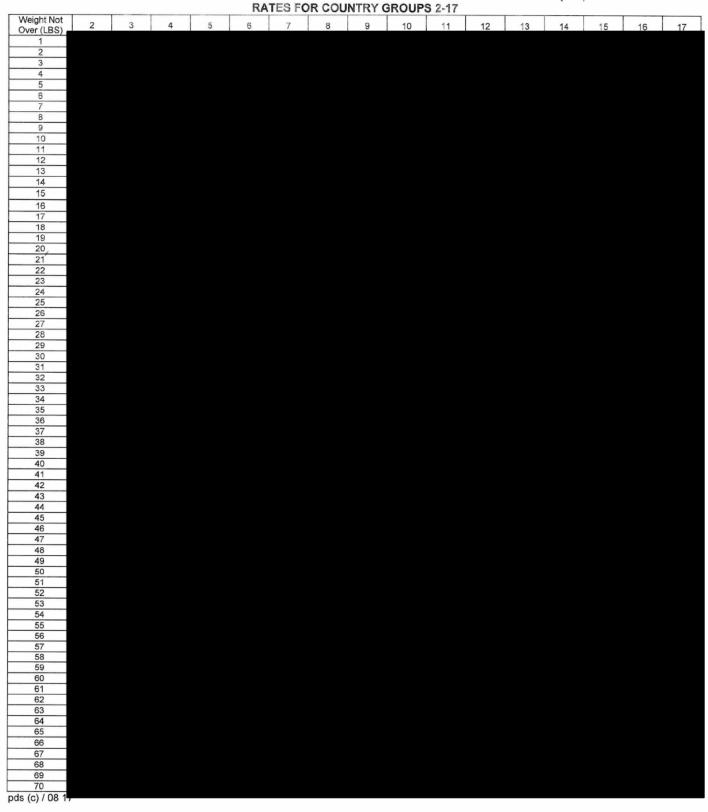


ANNEX 1A - PRICE CHART 2 PRICES IN UNITED STATES DOLLARS FOR PRIORITY MAIL INTERNATIONAL PRESORTED AND TENDERED AT A USPS INTERNATIONAL SERVICE CENTER (ISC) RATES FOR COUNTRY GROUP 1



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ANNEX 1A - PRICE CHART 3 PRICES IN UNITED STATES DOLLARS FOR PRIORITY MAIL INTERNATIONAL PRESORTED AND TENDERED AT A USPS INTERNATIONAL SERVICE CENTER (ISC)



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ANNEX 1B PRICES IN UNITED STATES DOLLARS FOR PRIORITY MAIL EXPRESS INTERNATIONAL AND PRIORITY MAIL INTERNATIONAL TENDERED AT A USPS INTERNATIONAL SERVICE CENTER (ISC)

Postage prices for Priority Mail Express International Qualifying Mail and Priority Mail International Qualifying Mail that are <u>not</u> presorted and prepared in accordance with Annex 1A and that are tendered to the USPS at any of the following USPS International Service Center locations shall be in accordance with the price charts in this Annex 1B:

JOHN F KENNEDY AIRPORT MAIL CENTER US POSTAL SERVICE JOHN F KENNEDY INTERNATIONAL AIRPORT BLDG 250 JAMAICA NY 11430-9998

JT WEEKER INTERNATIONAL SERVICE CENTER US POSTAL SERVICE 11600 WEST IRVING PARK ROAD CHICAGO IL 60666-9998

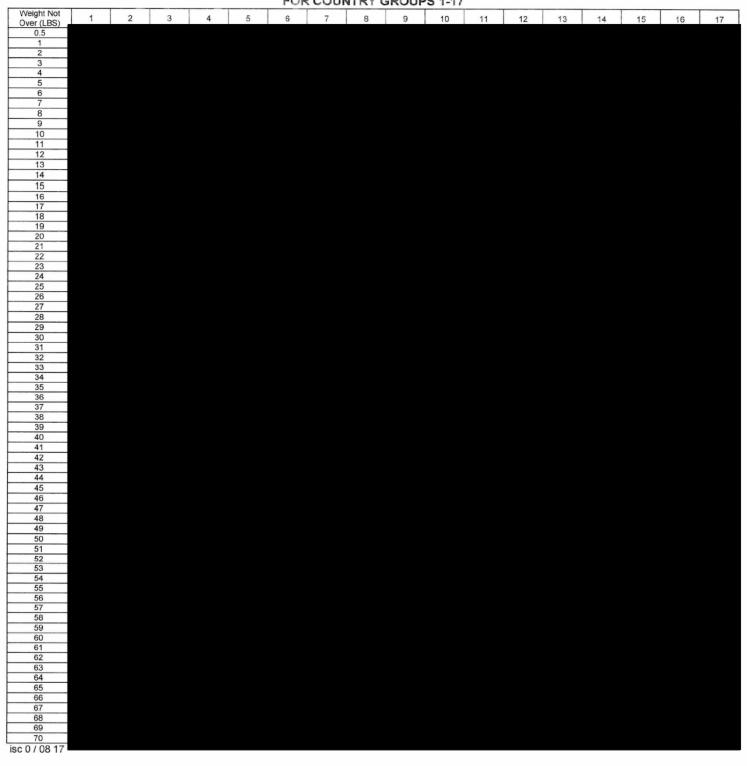
LOS ANGELES INTERNATIONAL SERVICE CENTER US POSTAL SERVICE 5800 WEST CENTURY BLVD LOS ANGELES CA 90009-9998

SAN FRANCISCO INTERNATIONAL SERVICE CENTER US POSTAL SERVICE 660 WEST FIELD ROAD SAN FRANCISCO CA 94128-3161

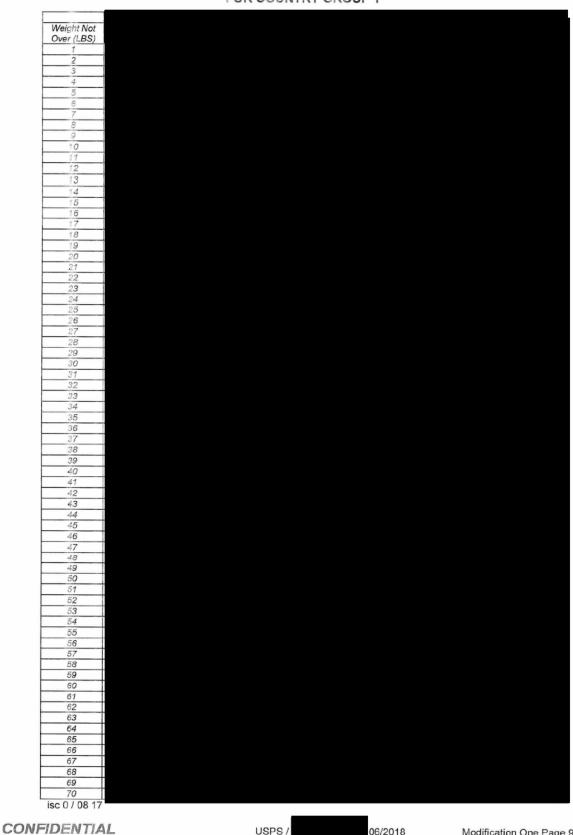
MIAMI INTERNATIONAL SERVICE CENTER US POSTAL SERVICE 11698 NW 25TH ST MIAMI FL 33112-9997



ANNEX 1B - PRICE CHART 1 PRICES IN UNITED STATES DOLLARS FOR PRIORITY MAIL EXPRESS INTERNATIONAL TENDERED AT A USPS INTERNATIONAL SERVICE CENTER (ISC) FOR COUNTRY GROUPS 1-17



ANNEX 1B - PRICE CHART 2 PRICES IN UNITED STATES DOLLARS FOR PRIORITY MAIL INTERNATIONAL TENDERED AT A USPS INTERNATIONAL SERVICE CENTER (ISC) FOR COUNTRY GROUP 1

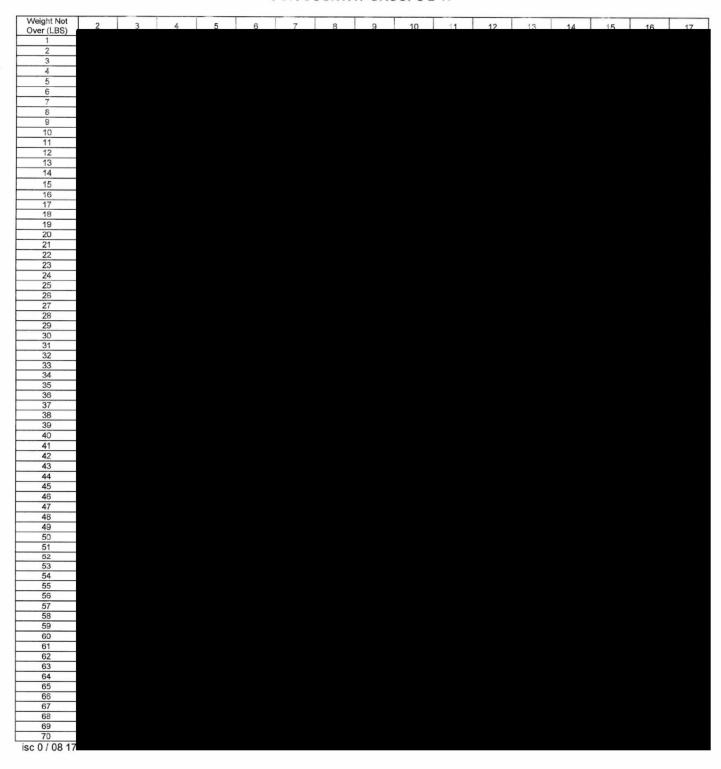


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ANNEX 1B - PRICE CHART 3 PRICES IN UNITED STATES DOLLARS FOR PRIORITY MAIL INTERNATIONAL TENDERED AT A USPS INTERNATIONAL SERVICE CENTER (ISC) FOR COUNTRY GROUPS 2-17



ANNEX 1C PRICES IN UNITED STATES DOLLARS FOR PRIORITY MAIL EXPRESS INTERNATIONAL AND PRIORITY MAIL INTERNATIONAL TENDERED WITHIN SPECIFIC 3-DIGIT ZIP CODE PREFIXES

Postage prices for Priority Mail Express International Qualifying Mail and Priority Mail International Qualifying Mail tendered to the USPS within one of the following ZIP-Codes defined areas shall be in accordance with the price charts in this Annex 1C.

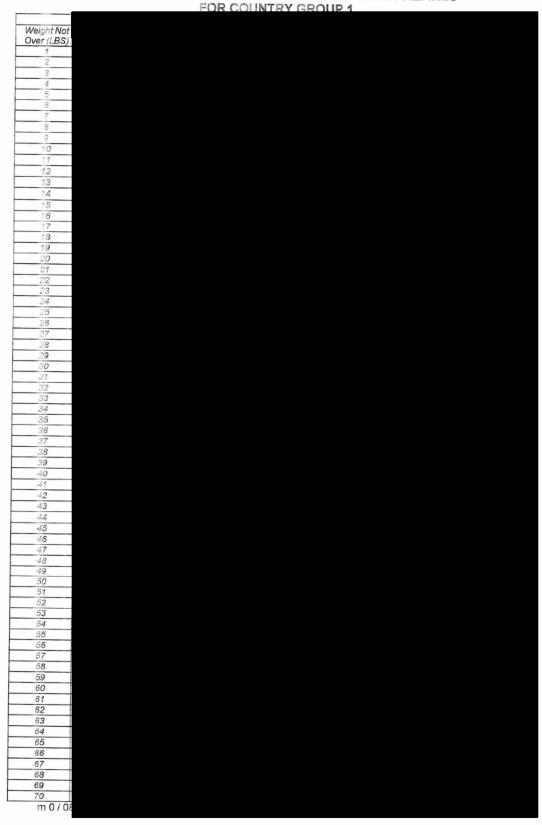
- 005, 010-043, 045, 048, 050-089, 100-149, 155, 157-159, 166-212, 214-239, 244, 254, 267-268, each of these ZIP Codes being within three hundred (300) miles of the USPS International Service Center in New York, NY.
- 321, 327-342, 346-347, 349, each of these ZIP Codes being within three hundred (300) miles of the USPS International Service Center in Miami, FL.
- 090-098, 430-438, 440-469, 478-509, 514, 520-528, 530-532, 534-535, 537-539, 541-545, 547-549, 600-620, 622-631, 633-639, 650-653, 962-966, each of these ZIP Codes being within three hundred (300) miles of the USPS International Service Center in Chicago, IL.
- 4. 864, 889-891, 900-908, 910-928, 930-936, each of these ZIP Codes being within three hundred (300) miles of the USPS International Service Center in Los Angeles, CA.
- 5. 894-895, 897, 937-961, 975, 976, each of these ZIP Codes being within three hundred (300) miles of the USPS International Service Center in San Francisco, CA.



ANNEX 1C - PRICE CHART 1 PRICES IN UNITED STATES DOLLARS FOR PRIORITY MAIL EXPRESS INTERNATIONAL TENDERED WITHIN SPECIFIC 3-DIGIT ZIP CODE PREFIXES FOR COUNTRY GROUPS 1-17

Weight Not	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Weight Not Over (LBS) 0.5												1.0			10	10	
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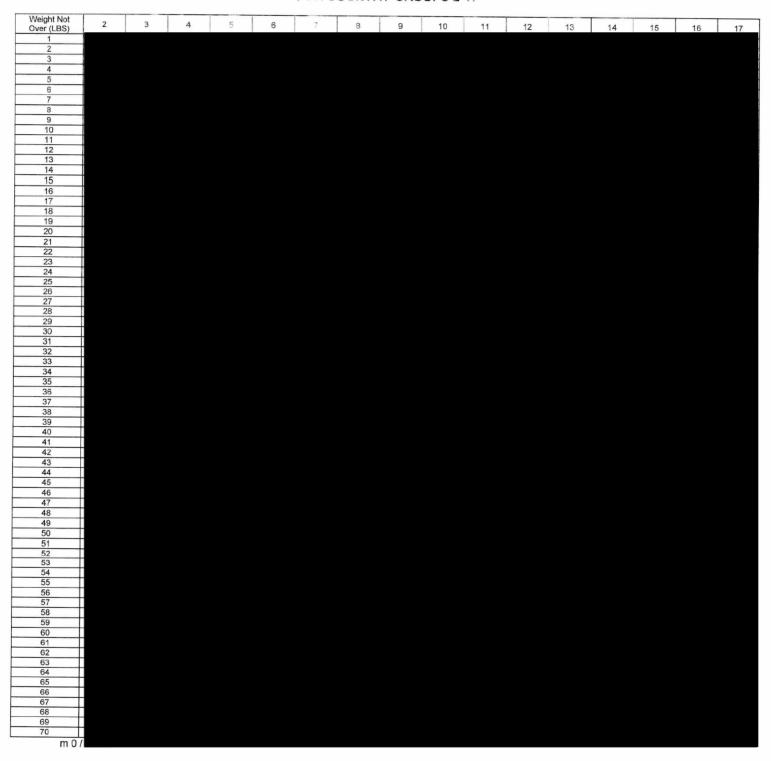
ANNEX 1C -- PRICE CHART 2 PRICES IN UNITED STATES DOLLARS FOR PRIORITY MAIL INTERNATIONAL TENDERED WITHIN SPECIFIC 3-DIGIT ZIP CODE PREFIXES



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ANNEX 1C - PRICE CHART 3 PRICES IN UNITED STATES DOLLARS FOR PRIORITY MAIL INTERNATIONAL TENDERED WITHIN SPECIFIC 3-DIGIT ZIP CODE PREFIXES FOR COUNTRY GROUPS 2-17



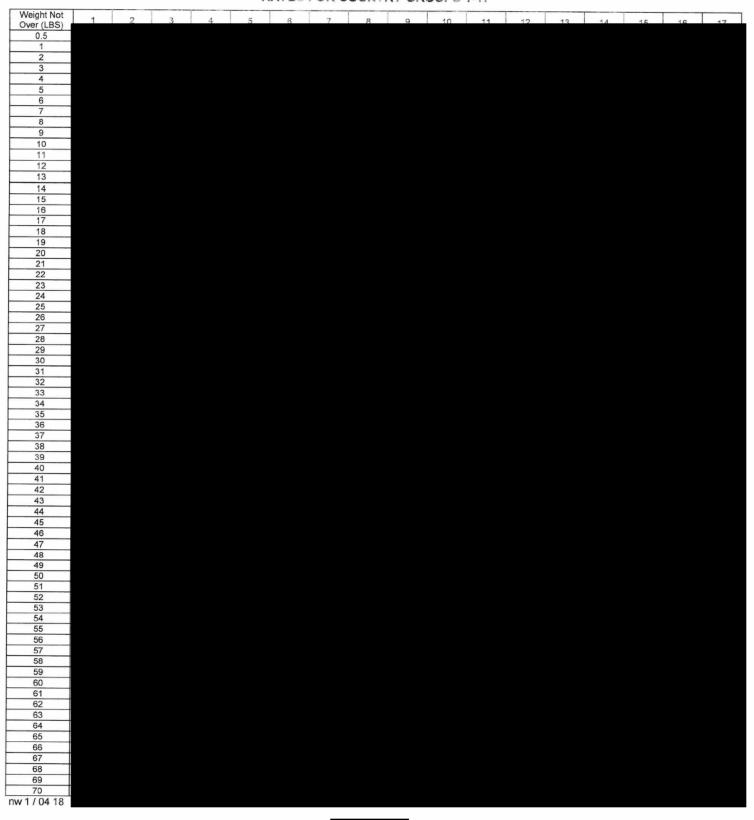
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ANNEX 1D PRICES IN UNITED STATES DOLLARS FOR PRIORITY MAIL EXPRESS INTERNATIONAL AND PRIORITY MAIL INTERNATIONAL TENDERED AT LOCATIONS OTHER THAN THOSE SPECIFIED IN ANNEXES 1A-1C

Postage prices for Priority Mail Express International (PMEI) Qualifying Mail and Priority Mail International (PMI) Qualifying Mail tendered to the USPS within any location other than those listed in Annex 1A, Annex 1B or Annex 1C shall be in accordance with the price charts listed in this Annex 1D.



ANNEX 1D - PRICE CHART 1 PRICES IN UNITED STATES DOLLARS FOR PRIORITY MAIL EXPRESS INTERNATIONAL TENDERED AT LOCATIONS OTHER THAN THOSE SPECIFIED IN ANNEXES 1A-1C RATES FOR COUNTRY GROUPS 1-17



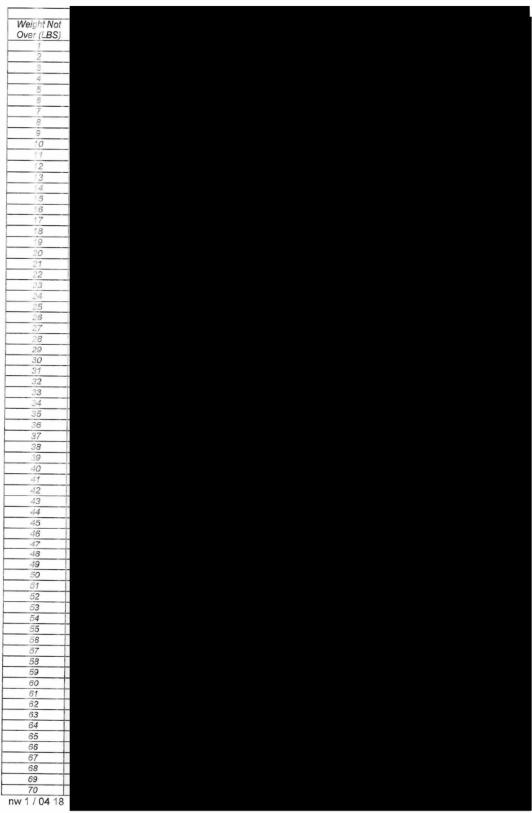
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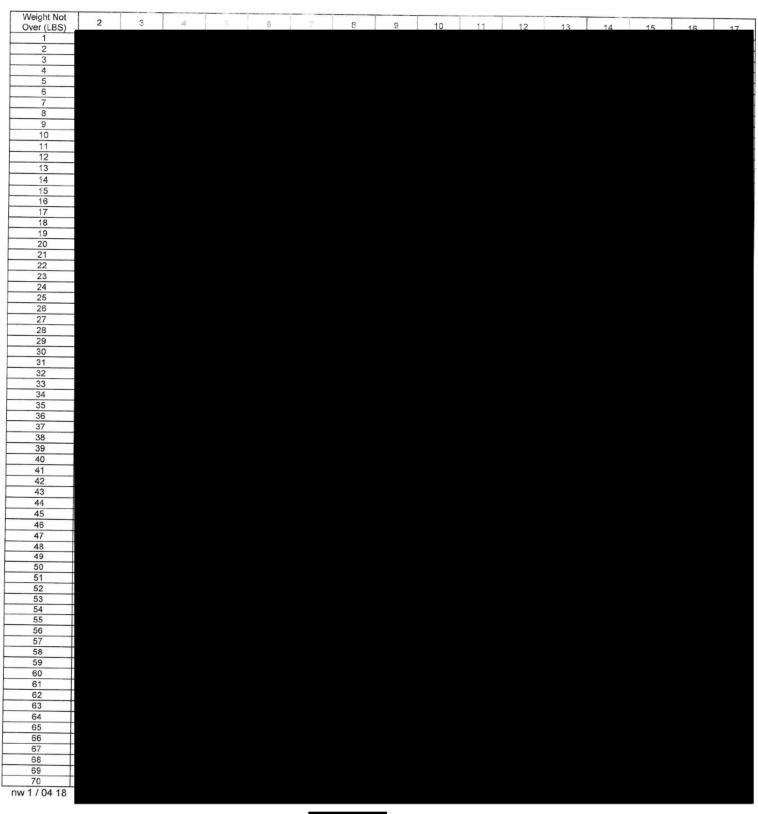
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ANNEX 1D – PRICE CHART 2 PRICES IN UNITED STATES DOLLARS FOR PRIORITY MAIL INTERNATIONAL TENDERED AT LOCATIONS OTHER THAN THOSE SPECIFIED IN ANNEXES 1A-1C RATES FOR COUNTRY GROUP 1



ANNEX 1D - PRICE CHART 3 PRICES IN UNITED STATES DOLLARS FOR PRIORITY MAIL INTERNATIONAL TENDERED AT LOCATIONS OTHER THAN THOSE SPECIFIED IN ANNEXES 1A-1C RATES FOR COUNTRY GROUPS 2-17



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Certification of Prices for the Global Expedited Package Services Contract with

I, Steven Phelps, Manager of Regulatory Reporting and Cost Analysis, Finance Department, United States Postal Service, am familiar with the prices for the Global Expedited Package Services Contract with The prices contained in this Contract were established by the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates, issued March 22, 2011 (Governors' Decision No. 11-6), which established prices by means of price floor formulas.

I hereby certify that the numerical cost values underlying the prices in the contract are the appropriate costs to use in the formulas and represent the best available information. The prices, resulting in a cost coverage of in excess of the minimum required by the Governors' Decision, exclusive of pickup on demand and international ancillary services fees, are in compliance with 39 U.S.C § 3633 (a)(1), (2), and (3). The prices demonstrate that the Contract should cover its attributable costs and preclude the subsidization of competitive products by market dominant products. International competitive mail accounts for a relatively small percentage of the total contribution by all competitive products. Contribution from Global Expedited Package Services Contracts should be even smaller. The Agreement with should not impair the ability of competitive products on the whole to cover an appropriate share of institutional costs.

Steven Phelps Digitally signed by Steven Phelps DN: cn=Steven Phelps, o=Pricing and Costing, ou=Pricing, email=steven.r.phelps@usps.gov, c=US Date: 2018.07.16 08:43:50 -04'00'

Steven Phelps